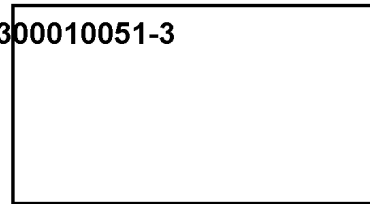


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BRIEF

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1. PANAMA: THE STUDENT ATTACK ON THE //US EMBASSY//IN PANAMA ON SEPTEMBER 23 WAS APPARENTLY NOT GOVERNMENT SPONSORED, BUT GENERAL TORRIJOS WILL USE IT TO BUTTRESS HIS CONTENTION THAT POPULAR PATIENCE WITH THE TREATY TALKS IS WEARNING THEN.Y

THE APPROXIMATELY 500 STUDENTS WERE MEMBERS OF SEVERAL RADICAL GROUPS NOT UNDER THE GOVERNMENT'S CONTROL; THEY REPORTEDLY ALSO STONED THE PANAMANIAN FOREIGN MINISTRY AS PART OF A CONTINUING PROTEST AGAINST RECENT REMARKS BY TOP US OFFICIALS CONCERNING THE CANAL NEGOTIATIONS. THE STUDENTS ALSO ACCUSED THE GOVERNMENT OF COMPLICITY WITH THE US IN THE TALKS. NATIONAL GUARD BROOPS AT THE //US EMBASSY// PREVENTED THE STUDENTS FROM ENTERING THE GROUNDS BUT DID NOT HALT THE STONING.Y

TORRIJOS AND HIS CHIEF LIEUTENANTS PROBABLY STILL BELIEVE THEY CAN CONTROL THE TENPO OF STUDENT PROTESTS, WHICH ARE A HIGHLY VISIBLE DISPLAY OF THE KIND OF POPULAR MOOD THAT TORRIJOS FREQUENTLY PROCLAIMS PUBLICLY. FURTHER DEMONSTRATIONS, POSSIBLY WITH GOVERNMENT CONNIVANCE, ARE LIKELY.Y

TORRIJOS MADE AN UNSCHEDULED TRIP TO BOGOTA ON SEPTEMBER 22 TO SEE COLOMBIAN PRESIDENT LOPEZ ON THE EVE OF HIS DEPARTURE FOR WASHINGTON, PRESUMABLY TO ASK LOPEZ TO INTERVENE IN THE MATTER. THE PANAMANIAN LEADER HOPES THAT DEMARCHES BY LATIN AMERICAN LEADERS STRESSING THE NEED FOR A NEW TREATY TO AVOID A POPULAR EXPLOSION AND A SOURING OF US-LATIN AMERICAN RELATIONS WILL HELP GET US CONCESSIONS. [REDACTED]

2. MEXICO: MEXICO'S NEXT PRESIDENT, JOSE LOPEZ PORTILLO, WILL CONTINUE PRESIDENT ECHEVERRIA'S POLICIES AND PROGRAMS, ESPECIALLY THOSE AIMED AT ACHIEVING SUSTAINED ECONOMIC GROWTH AND IMPROVED CONDITIONS FOR THE COUNTRY'S POOR. LOPEZ PORTILLO IS CONSIDERED A TOP-NOTCH ADMINISTRATOR WITH LEFT-OF-CENTER ECONOMIC AND POLITICAL VIEWS. NOW THAT HE HAS BEEN SELECTED BY THE RULING PARTY, HE IS VIRTUALLY CERTAIN TO BE ELECTED NEXT JULY AND TAKE OFFICE SIX MONTHS LATER.

ECHEVERRIA HAS MOVED AS PRESIDENT TO MODIFY THE DEVELOPMENT POLICIES FOLLOWED BY MEXICAN GOVERNMENTS SINCE 1940. WHILE THESE POLICIES PRODUCED A SUSTAINED REAL GROWTH RATE OF ABOUT 7 PERCENT A YEAR, THEY PRODUCED ONE OF THE MOST INEQUITABLE SYSTEMS OF INCOME

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DISTRIBUTION IN ALL OF LATIN AMERICA. Y

ECHEVERRIA'S RECOGNITION THAT ATTEMPTS TO CORRECT THIS IMBALANCE WILL HAVE TO BE PURSUED DURING THE NEXT PRESIDENTIAL TERM WAS PRESUMABLY A FACTOR IN HIS CHOICE OF LOPEZ PORTILLO. Y

LOPEZ PORTILLO IS NO DOUBT ACCEPTABLE TO THE INFLUENTIAL BUSINESS AND FINANCIAL COMMUNITY. BECAUSE OF HIS GENERALLY RESTRAINED PERFORMANCE IN THE CABINET, HE HAS ALLAYED THE FEARS OF MANY BUSINESSMEN WHO INITIALLY REGARDED HIM AS A RADICAL. Y

LOPEZ PORTILLO STRONGLY SUPPORTS THE ROLE OF STATE-OWNED ENTERPRISES IN THE ECONOMY. HE FAVORS EXPANDING GOVERNMENT CREDIT TO AGRICULTURE IN AN EFFORT TO STEM THE MASSIVE MIGRATION OF RURAL POOR TO THE CITIES. HE MAY WELL ADVOCATE HIGHER TAXES ON THE RICH AND MIDDLE CLASS TO HELP OUT THE IMPOVERISHED RURAL AREAS. Y

LOPEZ PORTILLO SUBSCRIBES TO THE ECHEVERRIA POLICY ON FOREIGN INVESTMENT, WELCOMING SUCH INVESTMENT IF IT IS IN ACCORD WITH MEXICAN GOALS AND DEVELOPMENT NEEDS. CONCERNED OVER LOSSES OF FOREIGN CAPITAL, HE DECIDED TO GO EASY ON ENFORCING THE TOUGH FOREIGN INVESTMENT LAW ENACTED IN 1973. Y

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LOPEZ PORTILLO, LOOKING FORWARD TO LARGE OIL REVENUES, WANTS MEXICO TO EXPLOIT ITS LARGE RESERVES AND BECOME A MAJOR OIL EXPORTER. HE HAS SAID THAT MEXICO WILL GIVE PREFERENTIAL TREATMENT TO DEVELOPING NATIONS IN THE SALE OF OIL, BUT THAT SUCH SALES WILL BE AT CURRENT MARKET PRICES. HE HAS EXPRESSED CONCERN ABOUT THE IMPACT OF HIGH OIL PRICES ON DEVELOPING COUNTRIES.

AT INTERNATIONAL FINANCIAL MEETINGS, LOPEZ PORTILLO HAS SUPPORTED THIRD-WORLD CAUSES AND HAS PUSHED ECHEVERRIA'S CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES. HE IS NOT LIKELY TO ALTER MEXICO'S TILT TOWARD THE THIRD WORLD IN INTERNATIONAL ECONOMIC RELATIONS, BUT WILL PROBABLY BE LESS VOCAL AND LESS INCLINED THAN ECHEVERRIA TO TAKE ON THE ROLE OF SPOKESMAN FOR THE DEVELOPING WORLD.

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USSR-BANGLADESH: THE BENGALIEE GOVERNMENT SENT A SPECIAL ENVOY TO MOSCOW LAST WEEK FOR THREE DAYS OF TALKS WITH SOVIET OFFICIALS. THE VISIT SEEMS TO HAVE BEEN INTENDED MAINLY TO REASSURE THE SOVIETS THAT THE NEW GOVERNMENT IS SINCERE ABOUT WANTING TO CONTINUE TO COOPERATE WITH MOSCOW.4

UP TO NOW, AT LEAST, THE SOVIETS SEEM TO HAVE BEEN OF TWO MINDS IN ASSESSING THE IMPORT OF RECENT EVENTS IN BANGLADESH 25X1

THE CHIEF OF THE SOVIET FOREIGN MINISTRY'S SOUTH ASIAN DIVISION [REDACTED] HINTED THAT THE MAJORS WHO HAD INSTIGATED THE COUP WERE WORKING FOR "SOMEONE" AND

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WONDERED ALOUD WHY CHINA, AFTER WAITING THREE YEARS, HAD CHOSEN
THE PRESENT MOMENT TO RECOGNIZE BANGLADESH.4

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MOSCOW HAS DEALT WITH THE NEW REGIME AS THOUGH NOTHING HAD
CHANGED, BUT IT HAS KEPT UP A STEADY DRUMBEAT OF PROPAGANDA TO
TRY TO ENSURE THAT THE NEW BENGALIEE GOVERNMENT HEWS CLOSELY TO
MUJIB'S FOREIGN POLICIES.

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1. LEBANON: AFTER SUBSIDING YESTERDAY, THE LEVEL OF FIGHTING INCREASED LAST NIGHT WITH EXCHANGES OF MORTAR AND ROCKET FIRE IN THE SUBURBS OF BEIRUT. THE ARMED MILITIAS OF BOTH SIDES CONTINUED TO MAN BARRICADES IN SEVERAL SECTIONS OF THE CITY, AND THE FRAGILE CEASE-FIRE APPEARED TO BE IN JEOPARDY. IT IS ESTIMATED THAT MORE THAN 400 PERSONS HAVE BEEN KILLED NATIONWIDE SINCE THE FIGHTING BEGAN IN TRIPOLI EARLY THIS MONTH.4

LATE YESTERDAY, KHADDAM ANNOUNCED HE HAD AGREED WITH MARONITE LEADERS ON A COMMON FORMULA. JUMBLATT'S GROUP, HOWEVER, APPEARED TO BE HOLDING OUT FOR AT LEAST PARTIAL ACCEPTANCE OF A LEFTIST REFORM PROGRAM WHICH WOULD MORE DRASTICALLY AMEND THE CONSTITUTION AND THE NATIONAL COVENANT. LOCAL OBSERVERS BELIEVE THAT THE CEASE-FIRE WILL REMAIN TENUOUS AS LONG AS THIS ISSUE REMAINS UNSETTLED.4

THE CONTINUING INTERNAL CRISIS IS RAPIDLY LEADING TO ECONOMIC CHAOS, JEOPARDIZING BEIRUT'S POSITION AS THE FINANCIAL

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CENTER OF THE MIDDLE EAST.4

FIGHTING HAS CLOSED ALL PORT ACTIVITIES IN THE LEBANESE CAPITAL. FIRES AND EXPLOSIONS HAVE DESTROYED LARGE AREAS WITHIN THE COMMERCIAL CENTER OF THE CITY. AN ACUTE GASOLINE SHORTAGE HAS RESULTED FROM DISRUPTED DELIVERIES FROM THE REFINERY AT SIDON.4

MOST ROADS ARE CLOSED, AND TELEPHONE CONTACT BETWEEN MAJOR CITIES HAS BEEN SEVERED. TRANSSHIPMENT OF IRAQI CRUDE OIL THROUGH THE PORT OF TRIPOLI HAS BEEN INTERRUPTED SEVERAL TIMES FOR SHORT PERIODS. THIS HAS REDUCED BY MILLIONS OF DOLLARS LEBANON'S EARNINGS FROM SERVICE AND TRANSIT FEES.4

EVACUATION OF AMERICAN BUSINESS FAMILIES AS WELL AS OTHER FOREIGN NATIONALS IS PROCEEDING RAPIDLY. ALTHOUGH THE MAJORITY OF FOREIGN FIRMS APPEAR RELUCTANT TO LEAVE BEIRUT AND ITS FINE COMMERCIAL FACILITIES, FURTHER VIOLENCE MAY DRIVE THEM OUT.

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2. USSR-SOMALIA: AN OSA II PATROL BOAT WAS SIGHTED
YESTERDAY IN THE PORT OF BERBERA, SOMALIA. A SOVIET MERCHANT
TUG HAD TOWED THE BOAT FROM THE BLACK SEA THROUGH THE SUEZ
CANAL. THE SOVIET-BUILT BOAT IS ARMED WITH ANTI-SHIP STYX
MISSILES. TWO CRATES FOR THESE MISSILES WERE SEEN IN BERBERA
EARLY THIS SUMMER--ONE AT THE SOVIET MISSILE FACILITY AND ONE
AT THE SOMALI NAVAL PIER. VISITING US CONGRESSMEN WERE TOLD
THAT THEY WERE FOR OSA PATROL BOATS THAT SOMALIA WOULD SOON
RECEIVE. THE BOAT IS EXPECTED TO HAVE SOVIET NAVAL OFFICERS ON
BOARD FOR SOME TIME WHILE SOMALIS ARE TRAINED.
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LAOS: THE US EMBASSY MAY BE THE TARGET OF DEMONSTRATIONS
THIS WEEK.4

THE IMMEDIATE CAUSE OF THE LATEST FRICTION IS A DEMAND
BY RECENTLY DISCHARGED EMBASSY GUARDS FOR ADDITIONAL SEVERANCE
PAY; THEY ARE THREATENING TO DEMONSTRATE AT THE EMBASSY GATES
TOMORROW. ALTHOUGH ONLY 14 GUARDS ARE INVOLVED, THEY COULD BE
JOINTED BY PATHET LAO SYMPATHIZERS.4

WITH THE PATHET LAO FULLY IN CONTROL IN VIENTIANE, RENEWED
DEMONSTRATIONS AT THE EMBASSY WOULD SUGGEST THAT THE COMMUNISTS
ARE INTENT ON FURTHER MOVES AGAINST THE US DIPLOMATIC PRESENCE.4

COMMUNIST-INSPIRED HARASSMENT OF THE EMBASSY STOPPED IN
LATE JUNE, BUT THE ATTITUDE OF THE COMMUNIST AUTHORITIES TOWARD
CONTINUED RELATIONS WITH THE US HAS BEEN AMBIGUOUS. 25X1

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